

ARTICLE 12 - PROJECT CLOSE-OUT / SUBSTANTIAL COMPLETION

When the GC/CM has completed all work on the project, per Part 6 of the General Conditions for Washington State Facility Construction, a written notice of completion is made to the project manager and the A/E.

12.1 Substantial Completion

Substantial Completion is the stage in the progress of the work (or portion of the work designated and approved by Owner) when the construction is sufficiently complete, in accordance with Part 6.07 of the General Conditions, so the Owner can fully occupy the Work (or the designated portion) for the use for which it is intended.

The following must be accomplished to achieve substantial completion:

- All systems and parts are commissioned and functioning
- All required owner training on equipment and systems has been completed
- Utilities are connected & operating normally
- GC/CM has received the required occupancy permits
- Work is accessible by normal traffic

The Substantial Completion date is established by the Owner at the beginning of the project and is part of the contract documents. This date can only be changed by change order to the contract.

The GC/CM shall perform a review of all installed work and list any corrections necessary to comply with the contract document requirements. Upon completion of those correction the GC/CM shall submit of the completed list and request in writing, the walk-through on the project with the A/E, PM and Owner. The PM, A/E, Owner and GC/CM will formalize an incomplete work list (punchlist) of items remaining to be completed by the GC/CM.

The A/E shall send written notification to the PM when these items are complete and requests a final inspection. The A/E, project manager and Owner will do a final walk through and create the final punchlist. If the remaining items are minor in nature and all certificates, permits, commissioning and training are completed; the A/E may then recommend Substantial Completion.

When Substantial Completion is achieved on a specific portion of the work the A/E shall submit the form "Certificate of Substantial Completion" for completion and approval for signature to the GC/CM and the PM.

12.2 Final Completion

Final completion is the stage in the progress of the work when all construction, all paperwork, and all other tasks associated with the project have been finalized. Once the punchlist items are complete, the GC/CM shall sign the Construction Completion Checklist signifying all work is done per contract.

After verifying the punchlist items are complete and all as-builts, O & M manuals, keys

and warranties have been received, the A/E completes and signs the Construction Completion Checklist and sends it to the project manager. The checklist shall include MWBE participation. The project manager recommends acceptance to the Owner who authorizes final acceptance.

12.3 Final Acceptance

Final acceptance is established when all parties, the GC/CM, A/E, project manager and Owner agree that all work is complete and the assistant program manager signs the Completion Checklist. Final acceptance shall occur within 60 days of substantial completion unless otherwise agreed to in writing by the Owner, project manager, A/E and GC/CM.

The GC/CM shall submit the final Invoice (100%) for payment of the work.

The project manager ensures that all paperwork (i.e., COs, as-builts, warranties, O/M manuals, permits, certificates, etc.) has been received and the appropriate persons have signed the Construction Completion Checklist. The PM establishes the date of Final Completion. The assistant program manager establishes the date of Final Acceptance. The approved and signed checklist is given to the contracts specialist who will prepare the notification of Final Acceptance and initiate the 45-day lien period.

The contracts specialist reviews the contract file for out-standing COs and prepares the acceptance letter and advertises the project as complete. This starts the 45-day lien period on the project.

12.4 Lien Period

During the 45-day lien period, the GC/CM prepares and submits:

- Approved affidavits of prevailing wages paid for all sub-contractors:
- Retainage Invoice;
- Statement of Diverse Business Participation
- Notice to L&I "Request for Release" for the Contractor's Industrial Insurance premiums.

The Owner's staff prepares the retainage release checklist which includes receipt of the following items:

- Acceptance letter from E&AS
- Intent to Pay Prevailing Wages from each construction firm working on project
- Affidavit of Prevailing Wages Paid from each construction firm working on project
- Retainage invoice from contractor
- Escrow confirmation (only if Retainage is invested)
- Request and receipt of a notarized Letter of Reconciliation on principal amount from the bank

The Owner's financial staff shall verify that Industrial Insurance Premiums are current via the Department of Labor and Industries website.

Owner's staff sends a Notice of Completion of Public Works Contract to: the Department of Revenue for Washington State Sales Taxes.

The Department of Revenue provides the Department of Employment Security a copy of the "Notice of Completion of Public Works Contract" for the verification of payment of the GC/CM's unemployment compensation taxes.

The contracts specialist prepares, if required, the Acknowledgment of Receipt of Liens.

At the end of the 45-Day lien period the contracts specialist will review the status of active liens and provide Owner's staff with written directions for retainage disbursement. The following items must also be in the possession of the contracts specialist before releasing the "Retained Funds" to the GC/CM:

- Intent to Pay Prevailing Wages from each subcontractor firm
- Affidavit of Prevailing Wages Paid from each subcontractor firm
- Retainage Invoice from the GC/CM
- Release Letters from:
 - The Department of Revenue for Sales Tax;
 - The Department of Employment Security for Contractor's Unemployment Compensation premiums

If releases are not received by the contracts specialist within 45 days, a follow-up is made to the appropriate agency to verify receipt of the initial document, identify any problem which is delaying receipt of the release and resolve the problem.

When all items previously listed have been finalized, the contracts specialist confirms that all documents required for release have been received. A warrant is issued or a letter to the bank is issued to release the GC/CM's retained funds by the Owner's fiscal staff.

The attached copy of the Retainage Release Checklist may be prepared for the individual sub-contracts issued by the GC/CM. This form identifies all items required by the Owner on each contract prior to release of retained funds.

12.5 Warranty

The GC/CM shall provide a warranty of all the work in accordance with Section 5.16 D. and 5.21 of the General Conditions for Washington State Facility Construction. This general warranty shall be in effect for one year after the date of substantial completion.

Obtain and assemble executed certificates, warranties, bonds, receipts for extra stock, permits signed by any authorities having jurisdiction and any required service and maintenance contracts from respective manufacturers, suppliers, and subcontractors. These shall be included in the front of the General O&M Manual. Manufacturer's disclaimers and limitations on product warranties do not relieve the GC/CM of the warranty on the Work that incorporates the products.

Provide the following warranty information:

- Product or work item

- Firm, with name of principal, address and telephone number
- Contractor, name or responsible principal, address and telephone number
- Scope
- Date of beginning of warranty or service and maintenance contract which shall be the date of substantial completion.
- Duration of warranty or service contract
- Proper procedure in case of failure

The Owner shall give notice promptly after the discovery of any warranty repair condition. The GC/CM shall reply to the owner within seven calendar days with a response and a plan to correct the condition.

ARTICLE 13 DEFINITIONS

Allowance:

Funds reserved within the MACC exclusively for the use of a specified component of the project, which, at the time the MACC is negotiated, cannot be defined sufficiently in scope to determine a precise budget amount. Allowances cannot be used by the GC/CM for any use other than specified and use must be authorized in writing by the E&AS PM.

Specified General Conditions:

Temporary work, staff, and/or fees performed by or paid by the GC/CM to accomplish the project scope of work as detailed in the Request for Proposal.

Buyout:

Cost of subcontractor bid and all Team Change Memos (TCM) for a particular bid package.

Buyout Savings (potential):

Buyout savings is the difference between the bid package MACC and the buyout, less the risk contingency as identified within the MACC.

Change Order (CO):

A written document signed by Owner and GC/CM stating their agreement on the scope of the change in the work, the cost, if any, and any change in time. Authorized change order conditions are limited to: change in scope by the Owner, changes required by local and state building code officials *during construction*, some types of omissions on the plans and specifications, and unforeseen site conditions. Design errors not related to constructability and/or coordination are allowable.

Change Order Proposal (COP):

A document used to propose a change in scope and/or schedule between the GC/CM and the Owner that adjusts the Total Contract Cost or contract time. Once agreed to by the project team, the COP is converted to a change order or team change memo.

Commissioning:

The process of achieving verifying and documenting the performance of building mechanical and electrical systems through a complete and thorough investigation, to ensure proper installation and operation of all components and systems in order to meet the design intent and Owner's functional and operational needs. The process advances systems from static condition to full dynamic working order, according to the specified requirements. Commissioning requires the participation of the General Contractor, all subcontractors associated with the scope of work to be commissioned, Commissioning Agent, Owner and A/E in a team effort to ensure that all equipment, components and systems have been completely and properly installed and put into service.

Commissioning Agent (Cx):

An independent agent under contract to the owner who facilitates the commissioning process on behalf of the owner. The GC/CM is responsible to assist in coordinating the work of the Cx with the various trade contractors.

Constructability Review:

The systematic analysis of the project design and/or its elements by an experienced team of construction experts for the purpose of optimizing the ease with which the design can be constructed. It includes, but is not limited to, the analysis of drawings and specifications for clarity, consistency, coordination between disciplines and between drawings and specifications, and completeness; schedule feasibility; work-site accessibility; conflicts among disciplines; suitability of work divisions; choice of construction methods, materials and equipment; and procurement procedures as further described. Constructability review begins during schematic design and continues through the end of construction documents.

Cost of the Work:

Sub-contractor cost which includes change orders.

Field Authorization (FA):

A State document used to authorize a change in the work allowing the work to proceed immediately to prevent delay in the project. A FA will be converted to a CO or TCM upon approval of cost documentation.

Department of Enterprise Services (DES):

The State of Washington contracting agency for construction of public works in the State of Washington.

General Contractor/Construction Manager (GC/CM)

Means a firm with which a public body has selected and negotiated a maximum allowable construction cost to provide services during the design phase and to act as a construction manager and general contractor during the construction phase.

Maximum Allowable Construction Cost (MACC):

The maximum cost of the work to construct the project including a percentage for risk contingency, negotiated support services, and approved change orders which is fair, reasonable, and within available funds.

Design MACC: The cost specified in the A/E agreement for the design of the project.

Estimated MACC: The projected maximum cost of the Work including risk contingency, to accomplish the project scope set by the State prior to design work beginning.

Negotiated MACC: The maximum cost of the Work to construct the project scope including a percentage of Risk Contingency. The Negotiated MACC is negotiated between the Owner and GC/CM after the design is approximately 90% complete and is the basis for the TCC.

Milestone:

A principal event specified in the Contract Documents relating to an intermediate completion date or time.

Negotiated Support Services:

Items a general contractor would normally manage or perform on a construction project including, but not limited to, surveying, hoisting, safety enforcement, provision of toilet facilities, temporary heat, cleanup, and trash removal.

Items provided by the GC/CM as reimbursable cost within the MACC on a direct cost basis without markup; these items are not a biddable part of the work.

Percent Fee:

The percentage amount to be earned by the GC/CM as overhead and profit.

Pre-construction Services:

Throughout the design period the GC/CM will provide services to include, but not limited to, the following: Attend and participate in Design Meetings; Value Engineering; Scheduling; Design Cost Estimating; Constructability Review and Analysis; Interdisciplinary Coordination, Project Management Services; Alternative Construction Options for Cost Savings; and Planning for Sequencing of the work.

Pre-construction Services Fee:

The Lump Sum fee amount bid by the GC/CM bidder to provide the Pre-construction Services for the Project.

Project Manager (PM):

The individual representing the Department of Enterprise Services (DES) as the A/E's and GC/CM's primary point of contact for communications with the Owner.

Project Team:

Assigned project representatives of the Owner, the A/E, and the GC/CM.

Risk Contingency:

A maximum amount of 5% for a renovation project that is included in the Estimated MACC and the Negotiated MACC but not the Design MACC. It is intended to cover cost of changes within the project MACC. Owner approval is required prior to expenditure of Risk Contingency. The remaining end of project Risk Contingency is considered part of the buyout savings and returns to the Owner by change order.

Team Change Memo (TCM):

A document used to obtain Owner approval of changes within the MACC. TCM's shall receive the approval of the Owner (See Appendix B). Authorized TCM conditions include, but may not be limited to: coordination issues, constructability issues, scope of work gap not covered in subcontract bid packages. Design errors and omissions are TCM's when related to constructability and/or coordination issues. Funds for TCM's are derived from the Risk Contingency.

Total Contract Cost (TCC):

The TCC is the fixed cost to perform all work required to complete the project. The TCC is composed of the percent fee, detailed specified general conditions, and the negotiated MACC.

Value Engineering:

This is a systematic, multi-disciplinary analysis of a design(s), and/or its elements, by an experienced team of experts for the purpose of maximizing value to the Owner by finding viable alternative solutions that reduce cost, while maintaining or improving quality.

Washington State Sales Tax (WSST):

State and local sales tax for the county which the work is being performed in. The bid amount shall not include WSST. All other taxes imposed by law shall be included in the bid amount. The Owner will include WSST in the progress payments. The GC/CM shall pay the Department of Revenue and shall furnish proof of payment to the Owner upon request.

Washington State Business and Occupation Tax (B&O):

State tax imposed by the Department of Revenue for doing business within the state of Washington. The GC/CM shall include B&O tax within the TCC.